

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,

Debtor.¹

PROMESA

Title III

No. 17-BK-3283-LTS

(Jointly Administered)

AMBAC ASSURANCE CORPORATION,

Movant,

-v-

COMMONWEALTH OF PUERTO RICO,

Respondent.

No. 17-BK-3283-LTS

Re: ECF No. 15342

¹ The Debtors in these Title III Cases, along with each Debtor's respective Title III case number and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283- LTS) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284-LTS) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567-LTS) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566-LTS) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17- BK-4780-LTS) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5523-LTS) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

**NOTICE OF NO OPPOSITION OF FINANCIAL OVERSIGHT AND MANAGEMENT
BOARD FOR PUERTO RICO AND THE PUERTO RICO FISCAL AGENCY AND
FINANCIAL ADVISORY AUTHORITY TO AMBAC ASSURANCE CORPORATION'S
URGENT MOTION FOR ENTRY OF ORDER AUTHORIZING THIRD-PARTY
DISCOVERY UNDER BANKRUPTCY RULE 2004 CONCERNING PENSION
LIABILITIES**

To the Honorable United States Magistrate Judge Judith G. Dein:

Respondents, the Financial Oversight and Management Board for Puerto Rico (“Oversight Board”), on its own behalf and in its capacity as sole Title III representative for the Commonwealth of Puerto Rico (the “Commonwealth”) pursuant to section 315(b) of the *Puerto Rico Oversight, Management, and Economic Stability Act* (“PROMESA”)² and the Puerto Rico Fiscal Agency and Financial Advisory Authority (“AAFAF”) (together, the “Government Parties”), hereby respectfully submit this notice of no opposition (this “Notice”) to the *Urgent Motion for Entry of Order Authorizing Third-Party Discovery Under Bankruptcy Rule 2004 Concerning Pension Liabilities* [ECF No. 15342] (the “Motion”), filed by Ambac Assurance Corporation (“Ambac” or “Movant”) on December 4, 2020, and respectfully state as follows:

1. The Motion seeks leave to issue a third-party subpoena *duces tecum* on Milliman, Inc. (“Milliman”), a copy of which is attached to the Motion as Exhibit E [ECF No. 15342-5], and to issue a subpoena *ad testificandum* on Milliman, with topics to be identified following a review of the documents produced (together, the “Proposed Subpoenas”).

2. Milliman is an actuarial consultant engaged by AAFAF on behalf of the Commonwealth. In that capacity, Milliman conducts annual valuations of the Commonwealth’s pension liabilities, which are published in annual valuation reports. Ambac contends that, notwithstanding discovery already provided to it by the Oversight Board and AAFAF, issuance of

² PROMESA is codified at 48 U.S.C. §§ 2101-2241.

the Proposed Subpoenas is necessary to assess the accuracy and reasonableness of the Commonwealth's pension liabilities, as assessed by Milliman in its annual valuation reports.

3. The Oversight Board and AAFAF dispute Ambac's characterization of the factual record, including Ambac's description of the discovery produced to date. Among thousands of other documents, AAFAF has produced to Ambac the Milliman reports that have been finalized to date, including the most recent reports dated as of June 30, 2017 (for ERS, JRS, and TRS) and the annual participant data that was provided to Milliman to prepare its reports. In addition, AAFAF and Ambac are currently negotiating additional discovery that overlaps with the broad set of information Ambac is seeking to obtain from Milliman. For these reasons, among others, the Oversight Board and AAFAF have already informed Ambac of concerns regarding the scope of the Proposed Subpoenas. However, the Oversight Board and AAFAF respectfully notify the Court that they do not oppose the issuance of the Proposed Subpoenas subject to reserving all substantive and procedural rights in connection with the Proposed Subpoenas (including the right to object to their content) and any other related discovery.

Dated: December 30, 2020
San Juan, Puerto Rico

Respectfully submitted,

/s/ Hermann D. Bauer

Hermann D. Bauer

USDC No. 215205

Carla García Benítez

USDC No. 203708

O'NEILL & BORGES LLC

250 Muñoz Rivera Ave., Suite 800

San Juan, PR 00918-1813

Tel: (787) 764-8181

Fax: (787) 753-8944

Email: hermann.bauer@oneillborges.com

Email: carla.garcia@oneillborges.com

Martin J. Bienenstock (*pro hac vice*)
Timothy W. Mungovan (*pro hac vice*)
Margaret A. Dale (*pro hac vice*)
Laura E. Stafford (*pro hac vice*)
William D. Dalsen (*pro hac vice*)

PROSKAUER ROSE LLP

Eleven Times Square
New York, NY 10036
Tel: (212) 969-3000
Fax: (212) 969-2900
Email: mbienenstock@proskauer.com
Email: tmungovan@proskauer.com
Email: mdale@proskauer.com
Email: lstafford@proskauer.com
Email: wdalsen@proskauer.com

Lary Alan Rappaport (*pro hac vice*)

PROSKAUER ROSE LLP

2029 Century Park East
Suite 2400
Los Angeles, CA 90067-3010
Tel: (310) 284-5658
Fax: (310) 557-2193
Email: lrappaport@proskauer.com

*Attorneys for the Financial Oversight and
Management Board for Puerto Rico, as
representative of the Commonwealth of Puerto
Rico*

s/ Madhu Pocha

John J. Rapisardi (*pro hac vice*)
Email: jrapisardi@omm.com
Peter Friedman (*pro hac vice*)
Email: pfriedman@omm.com
Madhu Pocha (*pro hac vice*)
Email: mpocha@omm.com

O'MELVENY & MYERS LLP

7 Times Square
New York, NY 10036
Tel: (212) 326-2000
Fax: (212) 326-2061

*Attorneys for the Puerto Rico Fiscal
Agency and Financial Advisory Authority*

/s/ Luis C. Marini-Biaggi

Luis C. Marini-Biaggi

USDC No. 222301

Email: lmarini@mpmlawpr.com

Carolina Velaz-Rivero

USDC No. 300913

Email: cvelaz@mpmlawpr.com

MARINI PIETRANTONI MUÑOZ LLC

250 Ponce de León Ave., Suite 900

San Juan, Puerto Rico 00918

Tel: (787) 705-2171

Fax: (787) 936-7494

*Co-Attorneys for the Puerto Rico Fiscal
Agency and Financial Advisory Authority*

CERTIFICATE OF SERVICE

I hereby certify that, on this same date, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system, which will send notifications of such filing to all CM/ECF participants in this case.

/s/ Hermann D. Bauer
Hermann D. Bauer